

# Investment Principles Policy (Environmental, Social and Governance)

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## INTRODUCTION

Franco-Nevada Corporation (the “Corporation”) is committed to responsible mining in all aspects of its investments, including with respect to environmental (including climate change), social (including occupational health and safety) and governance (“ESG”) matters. The Corporation’s business is investing in the business of others, principally through holding royalties and streams. The Corporation does not operate any of the mineral or oil & gas properties from which it currently receives royalties and stream deliveries and does not have the power to control the operations of any such properties.

Environmental, occupational health and safety and other risks arising out of these mining and oil & gas operations are not generally direct risks of the Corporation. However, the Corporation acknowledges that it is indirectly exposed to such risks. For example, if a mine that provides royalties or stream deliveries to the Corporation is shut down for environmental reasons, it affects the Corporation. The Corporation recognizes the importance of investing in projects that are operated by companies (the “Third-Party Operators”) who share a commitment to responsible resource exploration, development and extraction. This Policy sets out the principles regarding ESG matters which guide our investment decisions and the ongoing management of our assets.

## SCOPE

This Policy applies to the Corporation and its direct and indirect subsidiaries (collectively or, if the context indicates, individually, referred to as “FN”).

## POLICY STATEMENTS

1. FN will take into account ESG issues when evaluating new investments, including reviewing the ESG programs, policies and standards adopted by a Third-Party Operator and the implementation of such programs, policies and standards.
2. FN will exercise diligence in choosing its investments, including the Third-Party Operators. FN’s choices will be based on overall criteria set out in the strategic review mandate reviewed regularly by the Board of Directors of FN. Such criteria will include factors such as the “quality” of the Third-Party Operators. The Third-Party Operators will be expected to comply with the applicable legal and regulatory requirements of the jurisdictions in which they operate and have a track record in regard to legal compliance, environmental, climate change, occupational health and safety, and social issues that is satisfactory to FN. Further indicia of “quality” Third-Party Operators will include the adoption and implementation of proper standards and practices in the management of ESG issues.
3. As a member of the World Gold Council, FN formally endorses the World Gold Council’s Responsible Gold Mining Principles and will use its best endeavours to encourage the adoption of such principles at any gold mining operation where it has influence.
4. FN will endeavour to negotiate appropriate contractual protections with a view to having the Third-Party Operators act in accordance with responsible industry standards and practices and to ensure that the Third-Party Operators provide sufficient transparency into their operations to facilitate FN’s assessment of the performance and management of a project including with respect to ESG issues.
5. FN will take into account relevant ESG issues when exercising its contractual rights and remedies.

6. FN will monitor, on an ongoing basis, public disclosure and reports from the Third-Party Operators for updates on any of its assets in order to be apprised of any developments including with respect to ESG issues. Upon the occurrence of an adverse event at a project, FN will endeavour to raise the issue with and offer its guidance and expertise to the Third-Party Operator, where appropriate.
7. FN will monitor ESG data reported by the Third-Party Operators on the assets over which it holds interests and will endeavour to report such information to its stakeholders.
8. FN is committed to supporting the Third-Party Operators and the mineral and oil & gas industries generally in their efforts to reduce their environmental impact, address climate change, improve the local communities in which they operate and provide appropriate disclosure of their progress on ESG issues. FN will support industry associations and councils that are committed to principles of seeking continuous improvement in sustainable resource development such as the World Gold Council, the Canadian Institute of Mining, Metallurgy and Petroleum, the Prospectors & Developers Association of Canada and the Nevada Mining Association.
9. FN will consider co-investing with the Third-Party Operators in appropriate community and social projects in local communities where its assets are located when invited to do so by the Third-Party Operator.
10. FN is committed to continuous improvement and will, on an ongoing basis, consider enhancements to its ESG programs and policies.

This Policy supersedes any written or oral representations that are in any way inconsistent with it.

## DATE

Updated on November 11, 2019. This Policy supersedes any written or oral representations that are in any way inconsistent with it.